

State of Washington

**Guide to Developing
Strategic Workforce Plans**

Updated December 2008

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Introduction

Workforce planning is grounded in its contribution to organizational performance. Done well, it provides management with a way to align the workforce with the business plan, anticipate change, and address current and future workforce issues. Workforce planning helps employers:

- Project and respond to organization-wide staffing needs.
- Influence development of job classes, rules, and collective bargaining agreements.
- Deploy staff and organize work.
- Manage organizational culture.
- Anticipate and manage risk.

The purpose of this guide is to explain the process of strategic workforce planning. This guide is designed as a practical tool for workforce planning consultants to work with senior leaders and others involved in the strategic planning process (e.g., human resources, budget, and planning and performance staff).

What Is Workforce Planning?

Workforce planning is the process of linking workforce strategies to desired business outcomes.

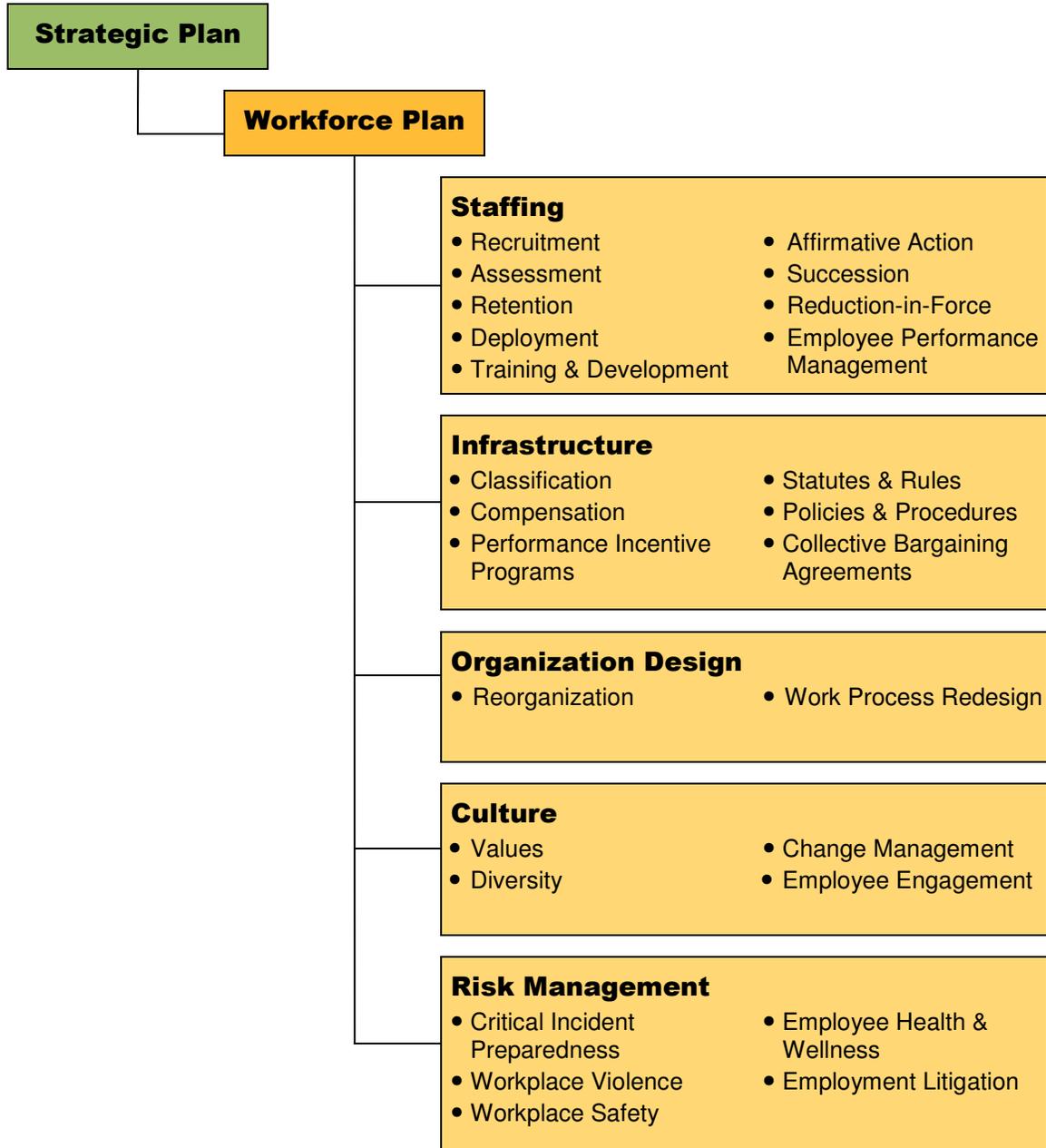
The terms workforce planning and succession planning are often used interchangeably. Many books and articles also use the terms human capital plan and talent management. To simplify matters, this guide will define **workforce planning** as the overall process of linking workforce strategies to desired business outcomes; **staffing plans** as the specific workforce strategies for recruiting, retaining, developing, and managing employees; and **succession programs** as the specific staffing strategies designed to develop an internal pool for anticipated vacancies.



Workforce Planning Strategy Areas

In addition to staffing plans, workforce planning covers other workforce strategies including HR infrastructure, organizational design, culture, and risk management. The chart below lists several key areas where employers might focus their efforts.

Workforce Planning Strategy Areas



Strategic Planning & Workforce Planning

Strategic business plans create direction and a foundation for allocating resources. Every resource within your organization should be aligned with the strategic plan, including budget, facilities, equipment, and people. The goals, objectives, strategies, and performance measures within the business plan should highlight your key workforce priorities.

Strategic workforce planning requires leadership, commitment, and cooperation. While workforce planning is chiefly a responsibility of management, several business units contribute, including Strategic Planning, Budget, and Human Resources. The workforce planning consultant must make sure all units work together to ensure success.

Types of Workforce Planning

Generally, there are two types of workforce planning: strategic and operational.

Strategic Workforce Planning looks at system-wide issues and strategies to:

- Support the organization's strategic plan (e.g., reorganization and redeployment).
- Address external workforce factors that affect the entire business (e.g., succession planning for retirement bubbles and reduction in force planning for budget cuts).
- Maintain organizational capacity (e.g., in-service training).
- Mitigate risk exposure (e.g., safety planning and EEO training).

What is an appropriate management level for strategic workforce planning? It depends on the size of your organization, how it is structured, and how programs are managed and budgeted. Most strategic planning occurs at the senior-leadership level. However, employers may also plan at the division, region or program level. You should plan in a way that makes sense for your business.

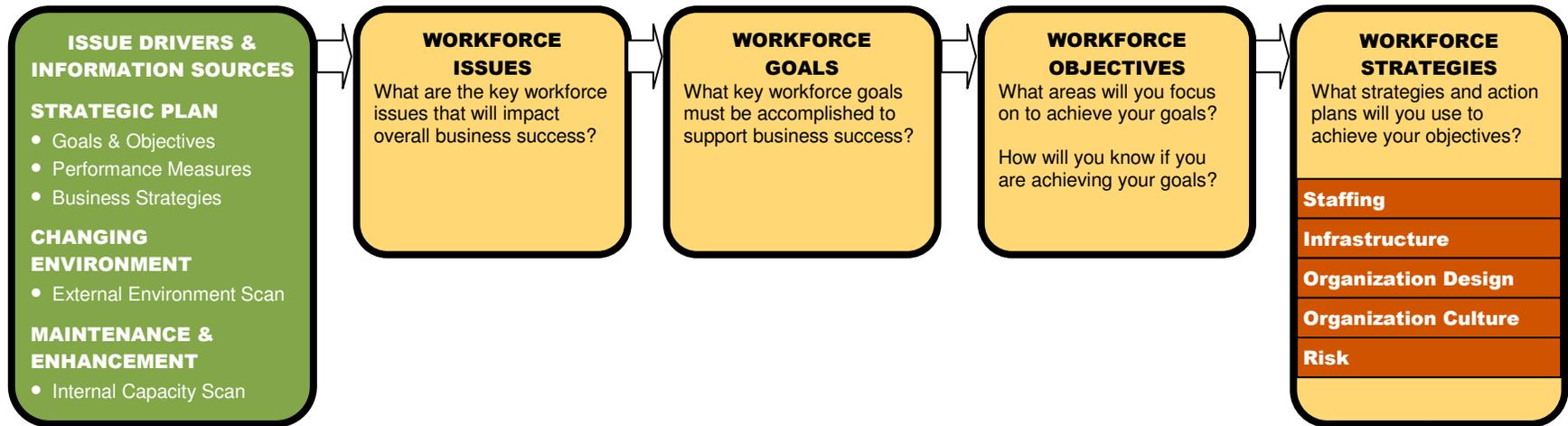
Operational Workforce Planning looks at work-unit issues, and occurs at the supervisor level. The focus is on how to sustain the work unit's ability to execute business strategies. Planning at this level may involve both carrying out the organization's strategic workforce planning strategies, and responding to external workforce factors that impact a particular unit. More information about operational workforce planning may be found in Washington State's Supervisors' Guide to Developing Operational Workforce Plans at <http://www.dop.wa.gov/SiteCollectionDocuments/Strategic%20HR/SupervisorsGuidetoDevelopingOperationalWorkforcePlans.pdf>.

Workforce Planning Model

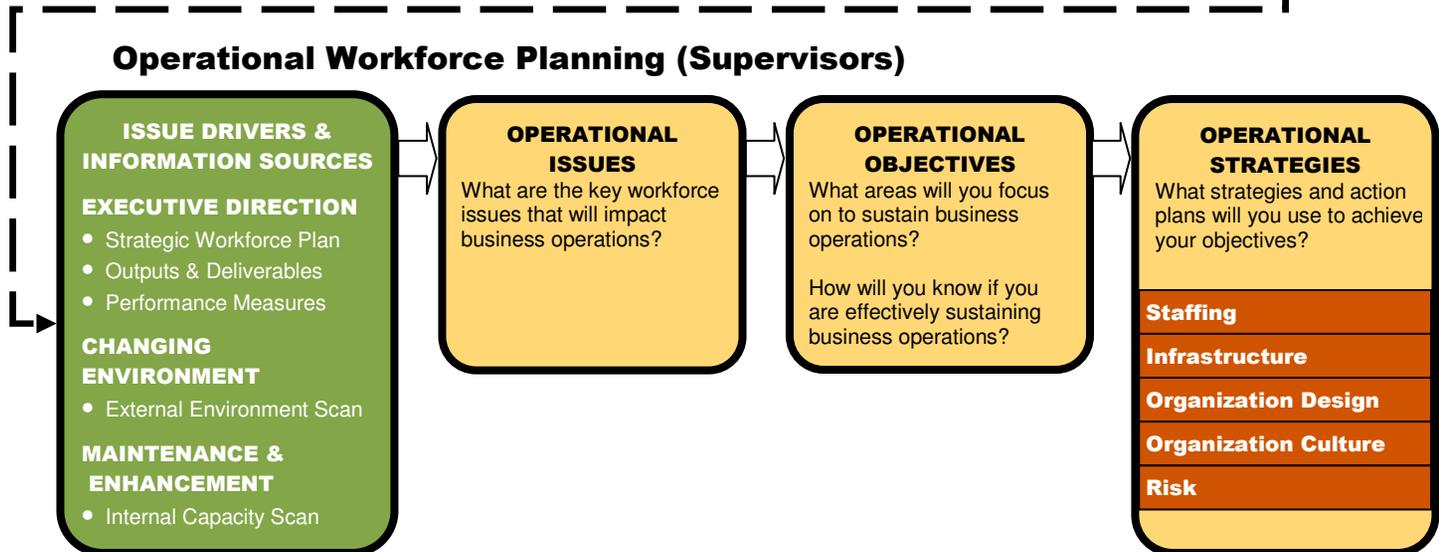
The following model describes the strategic and operational workforce planning process.

Workforce Planning Model

Strategic Workforce Planning (Senior Leadership)



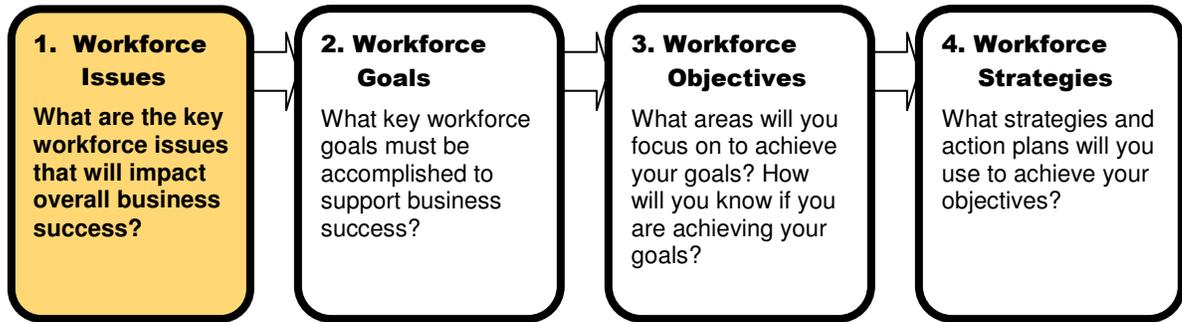
Operational Workforce Planning (Supervisors)



Strategic Workforce Planning

Strategic workforce planning begins where strategic business planning leaves off. Using the employer's business plan and performance measures, follow the four steps below:

Step 1: Identify Key Workforce Issues



Employers often go straight to developing proposals, strategies, and programs. Effective planning requires that you first clearly define the nature and scope of the issue(s) you need to address. There are three key issue drivers for strategic workforce planning:

Issue Drivers

Strategic Plan

Workforce issues tied to changes in strategic business plan and other new business initiatives.

Changing External Environment

Workforce issues brought about by anticipated changes outside the organization's direct control and influence.

Maintenance & Enhancement

Issues related to maintenance of, risk management for, and improvement to the existing workforce.

Examples

- Change in Business Model
- Creation of New Business Line
- Business Reorganization
- New Agency Performance Standard

- Labor Supply Shortage
- Revenue Shortfalls / Budget Cuts
- Changing Workforce Demographics
- Governor / Legislature Mandate

- Anticipated Retirement Bubble
- Regular Required Training
- Performance Planning Cycles
- Business Continuity Planning

Issues Driven by the Strategic Plan

The strategic business plan is one of the most important, but often overlooked, starting points for developing the workforce plan. Senior Leadership should ask itself:

- *Will planned growth or shrinkage require new recruitment strategies, selection techniques, or training programs?*
- *Will centralization or decentralization require new work processes, training, or job classes?*
- *Will new business goals require new work procedures, employee performance standards, training, or recognition / reward strategies?*
- *Will other major changes require additional change management or employee / labor relations support?*

Additional self-assessment questions are included in Appendix A.

Issues Driven by a Changing Environment

Many workforce issues are caused by changes in the market, labor pool, or legislative action. Senior Leadership should ask itself:

- *Will increased competition for skilled staff require new staffing strategies?*
- *Will new customer / stakeholder demands require new performance management standards, work methods, or reorganization?*
- *Will budget cuts or revenue shortfalls require reductions in force and reorganization?*
- *Is our workforce profile (e.g., age, gender, ethnicity) changing how employees relate to each other and to customers?*

External Environmental Scanning

Assessing the external environment involves a process called *Environmental Scanning*. Environmental scanning focuses on the key external opportunities and threats that may impact your workforce and its ability to achieve goals and performance targets. Common external factors that influence workforce planning include changing:

- Population and workforce demographics.
- Client / citizen demographics, expectations, and perceptions.
- Partners and suppliers.
- Political and regulatory environment.
- Revenue streams and budget appropriations.

Resources for assessing the external environment are included in Appendix B.

Issues Driven by Demand for Workforce Maintenance and Enhancement

Employers often focus first on issues with the existing workforce. These issues involve ‘maintaining’ the workforce, managing risk, and improving quality and performance. Maintenance issues deal with staffing levels and sustaining employee knowledge and skills. Risk management issues deal with workplace safety, employment liability, and business continuity following a critical incident. Enhancement issues are driven by a desire to improve operational efficiency or improve organizational culture and performance. Senior Leadership should ask itself:

- *Will an anticipated retirement bubble or high turnover require new staffing strategies?*
- *Is our current training plan keeping staff knowledge and skills current with industry standards?*
- *How does our industrial insurance risk factor for key jobs compare to other employers?*
- *Do we have a pattern of lawsuits or federal / state investigations?*
- *How prepared are we to manage / redeploy staff in the event of a critical incident that disrupts business operations?*
- *Are staff performing at the desired level?*
- *Are staff personally invested in the organization’s success?*
- *Do staff demonstrate the values and behaviors necessary for the organization to be successful?*

Internal Capacity Scanning

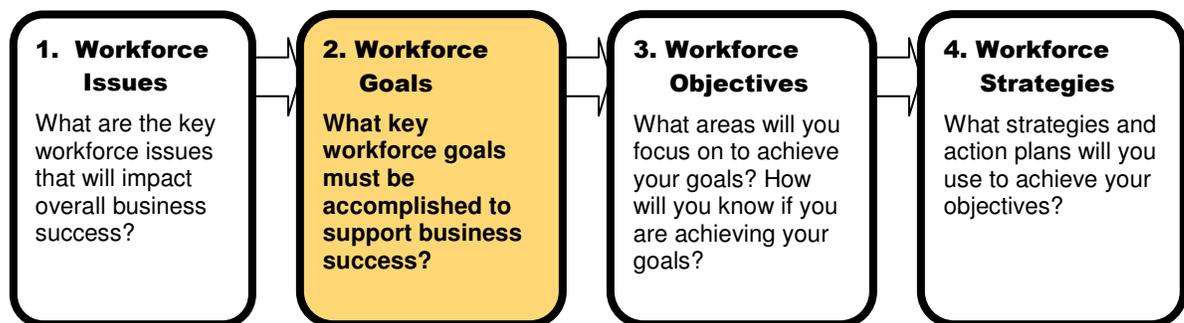
To pinpoint maintenance and enhancement needs, assess your internal workforce strengths and weaknesses. Common internal capacity factors that influence workforce planning include:

- Workforce demographics (e.g., major job categories, union membership, age / race / gender percentages).
- Staffing levels, general turnover, and anticipated retirements.
- Internal candidate pools, developed candidate recruiting programs, and screening and selection strategies.
- Current and projected internal workforce competency requirements (knowledge, skills, abilities and behaviors).
- Program performance standards, goals, and outputs.
- Employee performance standards, goals and outputs.

- Organizational design (e.g., supervisor span of control, centralization vs. decentralization, and distribution of specialists and generalists).
- Workforce distribution (e.g., work locations and travel requirements).
- Work flow, methods, and processes.
- Human resource systems (e.g., compensation, classification, work rules and policies, collective bargaining agreements, and performance management strategies).
- Organizational values and culture.
- Employee satisfaction and engagement levels.
- Tools and resources (e.g., facilities, equipment, technology, and vehicles).

Links to data resources for assessing internal capacity are included in Appendix B.

Step 2: Workforce Goals



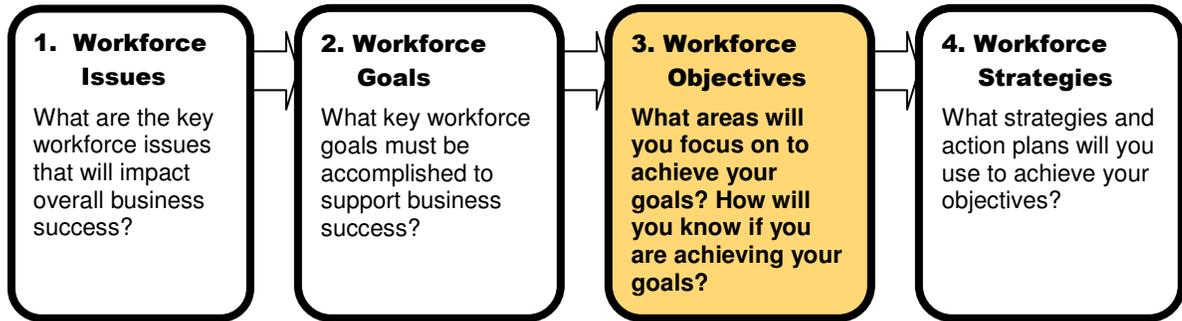
Workforce goals are broad, high-level statements that address your key workforce issues. They describe your desired outcome, but do not include specific strategies or performance measures.

You should consider limiting the number of workforce goals you set. It is tempting to address every workforce issue or problem. Focus on those that will address your most critical business issues.

Examples of workforce goals include:

- *Reduce turnover in 'core' positions.*
- *Enhance recruitment to support growth of 'x' program / institution / region.*
- *Prepare for retirement of managers, senior leadership, and key technical experts.*
- *Redeploy and retrain staff to support decentralized case management.*
- *Enhance employee performance management to support new program goals.*

Step 3: Workforce Objectives



Objectives describe the observable or measurable results you expect to achieve related to a goal. For example:

If your goal is to Prepare the workforce for implementation of centralized claims management model, your objectives may include:

- *Maintain 97% staffing level during transition.*
- *Design and implement new training program for claims managers by June 30.*
- *Decrease average claims processing time to 21 days by December 31.*

Objectives should tell you whether strategies and action plans are helping you make progress towards your goals. When describing each objective, test it against the following **SMART** criteria:

Specific – Does it address a clear and precise element of success?

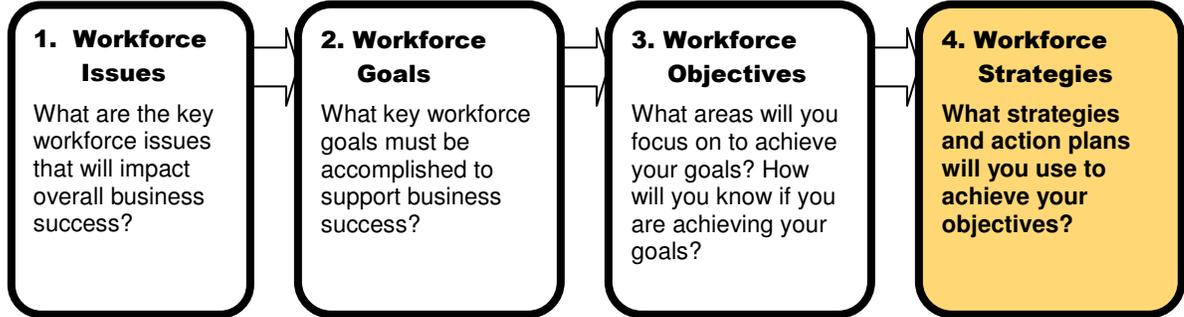
Measurable or observable – Is it either quantifiable or clearly observable?

Action-oriented – Does it address the results of a specific action?

Realistic – Can the organization realistically influence the desired result?

Time-oriented – Is there a time limit within which the objective must be achieved?

Step 4: Identify Workforce Strategies



While objectives state what you want to achieve, strategies and action plans describe how to achieve those objectives. Many factors influence what combination of strategies you use. Choose only those few strategies that have the best chance of improving performance.

The following chart lists typical workforce planning strategies by focus area.

Focus Area	Strategies
Staffing	
Recruitment	<ul style="list-style-type: none"> Recruitment strategies (e.g., outreach, marketing, branding) to address anticipated vacancies on an organization-wide scale.
Assessment	<ul style="list-style-type: none"> Screening and selection strategies to improve the quality of candidate pools.
Retention	<ul style="list-style-type: none"> Retention strategies to prevent or mitigate turnover on an organization-wide scale.
Deployment	<ul style="list-style-type: none"> Organization redeployment strategies to take better advantage of staff knowledge, skills, and abilities.
Training & Development	<ul style="list-style-type: none"> Organizational training strategies to address new work requirements or business models.
Affirmative Action	<ul style="list-style-type: none"> Targeted recruitment strategies to build applicant pools from under-represented affirmative action classes.
Succession	<ul style="list-style-type: none"> Succession programs and strategies to build internal pools for anticipated vacancies.
Reduction in Force	<ul style="list-style-type: none"> Strategies to reduce the number of FTEs on an organization-wide scale.
Employee Performance Management	<ul style="list-style-type: none"> Performance management strategies to address new business drivers or deliverables. Organization-wide strategies for redeploying or removing underperforming employees.

Focus Area	Strategies
Infrastructure	
Classification	<ul style="list-style-type: none"> • Organization-wide job class allocation reviews to address changes in duties and responsibilities. • Class establishment, revision, or abolishment proposals to address new business requirements.
Compensation	<ul style="list-style-type: none"> • New or updated agency policy on salary setting, recruitment incentives, and retention incentives. • Base salary and assignment pay proposals to address recruitment and retention issues.
Performance Incentive Programs	<ul style="list-style-type: none"> • Performance incentive program proposals (for those with performance management confirmation) to improve organizational performance.
Statutes & Rules	<ul style="list-style-type: none"> • Statute and rule proposals to remove performance obstacles.
Policies & Procedures	<ul style="list-style-type: none"> • Internal policy and procedure changes to remove performance obstacles.
Collective Bargaining Agreements (CBAs)	<ul style="list-style-type: none"> • CBA proposals to remove performance obstacles
Organization Development	
Reorganization	<ul style="list-style-type: none"> • Changes in reporting relationships and organization of work (e.g., distribution of specialists and generalists or use of overtime) to address changing business models, growth, or downsizing.
Work Process Redesign	<ul style="list-style-type: none"> • Redesign of workflows and work methods to address changing business models.
Culture	
Values	<ul style="list-style-type: none"> • Establishment of values, core competencies, and other behavioral standards. Scheduling training, events, and other activities to reinforce expectations.
Diversity	<ul style="list-style-type: none"> • Identification of key demographic issues affecting business performance. Scheduling training, events, and other activities to build knowledge (awareness) and skills (customer relationship and interpersonal).
Change Management	<ul style="list-style-type: none"> • Strategies for managing perceptions, attitudes, and behaviors during times of significant internal or external change.
Employee Engagement	<ul style="list-style-type: none"> • Strategies for encouraging employee ownership in the success of the organization.

Focus Area	Strategies
Risk Management	
Critical Incident Preparedness	<ul style="list-style-type: none"> Plans, procedures, and training to mitigate natural and man-made disasters (e.g., earthquakes, floods, power outages, pandemic flu, and building fires).
Workplace Violence	<ul style="list-style-type: none"> Plans, procedures, and training to prevent workplace violence.
Workplace Safety	<ul style="list-style-type: none"> Plans, procedures, and training to mitigate workplace safety hazard risk.
Employee Health & Wellness	<ul style="list-style-type: none"> Plans, procedures, and training to promote employee health and wellness.
Employment Litigation	<ul style="list-style-type: none"> Plans, procedures, and training to mitigate exposure to employment claims and lawsuits.

Strategy Clusters

While employers may develop stand-alone strategies around a single topic such as succession planning, commonly they will ‘cluster’ interrelated strategies around a complex issue or problem. This is often preferable to single-strategy efforts that only partly address an issue. For example:

Issue: Expected management retirement bubble.

Goal: Minimize the impact of anticipated management retirements.

Objectives:

- Maintain management turnover at or below 5% for next three years.
- Maintain the average management ‘time-to-fill’ under 45 days.

Strategy cluster:

- Reorganize reporting relationships to expand managerial span of control and reduce the number of vacancies that need to be filled.
(**Organizational Development – Reorganization Strategy**)
- Implement a retention incentive program to encourage mid-level managers to stay past their retirement eligibility date. (**Staffing – Retention Strategy**)
- Develop a management training program for succession planning to create a pool of prospective replacements. (**Staffing – Succession Strategy**)
- Develop a management recruitment program to proactively identify and build relationships with prospective candidates before vacancies occur.
(**Staffing – Recruitment Strategy**)
- Develop new recruitment marketing strategy to source management candidates from out of state. (**Staffing – Recruitment Strategy**)

Additional examples are available in Appendix C of this guide.

Action Plans

While there are many ways to develop strategies and action plans, most include action steps that detail the following information:

- Who is accountable for completing each action step?
- What specifically needs to be accomplished in each action step?
- By When does the task need to be completed?

For example:

Goal: Minimize the impact of anticipated management retirements		
Objective: Maintain the average management 'time-to-fill' under 45 days.		
Strategy: Develop and implement a management training program for succession planning to create a pool of prospective replacements.		
Who	What	By When
Recruiting Manager	Interview high performing managers. Review job analyses and position descriptions of managerial positions. Review most recent screening and selection criteria for managerial positions. Develop knowledge, skill, and behavior profile of high potential candidates.	03/01/08
Training Manager	Develop course requirements and training objectives. Identify potential training vendors. Estimate costs. Develop training program proposal.	04/01/08
Recruiting Manager	Develop recruitment / nomination and selection process for training program, including selection criteria and process.	05/01/08
HR Director	Present succession training program proposal to Senior Manager Team.	05/15/08
Recruiting Manager	Develop management screening and selection tools that mirror profile of high potential candidate.	07/01/08
HR Director	Form Screening / Selection Team.	07/01/08
Screening/Selection Team	Select first group of participants.	09/01/08
Training Manager	Begin development program.	10/01/08

- ◆ A blank template of this action planning form is included in appendix D.

Appendix A – Self-Assessment Questions for Senior Leadership

Planning and Alignment

- How will your environment impact your workforce? How are customer demands expected to change (e.g., increase, decrease, or shift in focus)?
- How will technology change the way you work and interact with and deliver services to your customers?
- Are you reorganizing? Are you creating or expanding business lines or services? Are you eliminating or scaling back business lines or services? Are you consolidating or centralizing programs? Decentralizing programs? Will programs or people be relocated or redistributed?
- Are you restructuring the work? Will your distribution of workload change? Will the use of overtime increase / decrease? Will work process improvements change the division of labor in the organization?
- Will your workforce be restructured? Will there be a new ratio of managers to employees? Will there be a new balance of generalists and specialists?
- Are job functions and competencies changing? Which **current** job functions and workforce competencies are critical to the mission and goals of the agency? Which will no longer be required in 3-5 years? What **new** job functions and competencies will be needed in 3-5 years?

Hiring

- What factors affect your ability to recruit and retain mission-critical knowledge and skills?
- How effective are current sourcing, recruitment, and selection strategies?
- What factors are affecting retention of high performers?
- How effective are current retention strategies? What does data from employee surveys and exit interviews show?
- How are workforce attitudes (e.g., factors affecting job satisfaction, level of engagement in the workplace, loyalty to employer) expected to change, and what impact do you expect those changes to have on your agency?

Deployment

- How well are agency goals cascaded through the agency and linked to individual employee key results expected?
- How engaged are employees in the success of the agency?
- What information, resources, and technology must employees have to be successful?

Development

- How well are managers prepared to coach employees for new opportunities and career growth?
- How well are individuals for leadership positions identified, assessed, and developed?
- How well is knowledge transferred among employees to retain mission-critical competencies?
- What forms of training and development are needed to teach mission-critical competencies in the next 3-5 years?

Performance

- How does your current employee performance management system enable your workforce to be successful?
- How effective are your supervisors at dealing with poor performance?
- How well do managers provide formal and informal recognition?
- How well does leadership hold managers accountable for managing people?

Appendix B – Environmental Scanning Resources

External Environment

- Washington State Office of the Economic and Revenue Forecast Council
quarterly economic and revenue forecasts.
<http://www.erfc.wa.gov/home.htm#Economic%20and%20Revenue%20Forecast%20Publications>
- Washington State Office of Financial Management
population, demographic, economic, and other trend data
<http://www.ofm.wa.gov/forecasting/default.asp> .
- Washington State Office of Financial Management
Washington Trends
<http://www.ofm.wa.gov/trends/default.asp>.
- Washington State Office of the Caseload Forecast Council
forecast and trend data for K-12 enrollment, social service caseload, and prison populations.
<http://www.cfc.wa.gov/>

Internal Capacity

- Washington State Department of Personnel
Agency HR Management Reports
http://www.dop.wa.gov/strategichr/HRMPerformanceAccountability/Pages/2-6_AgencyHRMReports.aspx
- Washington State Department of Personnel
HRMS Business Intelligence
<http://www.dop.wa.gov/strategichr/HRMPerformanceAccountability/Pages/32ContactUs.aspx>

Appendix C – Strategy Cluster Examples

Example A

Issue:

High turnover of core technical staff.

Goal:

Reduce turnover.

Objective: Reduce and maintain core technical staff turnover at or below 7% for the next three years.

Strategy Cluster:

- Analyze employee survey and exit interview data, and develop an employee engagement program to build employee satisfaction.
(Organizational Culture – Employee Engagement Strategy)
- Propose salary increase for levels 3 and 4 of technical job series.
(Infrastructure – Compensation System Strategy)
- Propose geographic assignment pay for King and Snohomish counties.
(Infrastructure – Compensation System Strategy)
- Develop a performance pay program (via. performance management confirmation) to create an incentive for high-performing employees to stay.
(Infrastructure – Performance Incentive Program Strategy)
- Propose a change to current Collective Bargaining Agreement, allowing recruitment and retention pay for employees in represented positions.
(Infrastructure – Collective Bargaining Agreement Strategy)
- Develop a targeted outreach program to specific colleges, hiring sophomore and junior level students into ‘advanced-placement’ internships.
(Staffing – Recruitment Strategy)

Appendix C – Strategy Cluster Examples (Continued)

Example B

Issue:

Organization is moving to centralized claims administration.

Goal:

Transition employees to centralized claims administration model with minimal disruption to productivity.

Objectives:

- Completely transition by June 30 of next biennium's second year.
- 95% of impacted employees are successfully placed or retire by end of transition.
- Maintain current employee satisfaction ratings through the end of the transition.

Strategy Cluster:

- Consolidate reporting relationships.
(*Organizational Development – Reorganization Strategy*)
- Align disparate operating procedures.
(*Organizational Development – Work Process Redesign Strategy*)
- Implement retirement incentive program for duplicate managerial positions.
(*Staffing – Reduction in Force*)
- Implement outplacement consultation and support services for staff subject to RIF.
(*Staffing – Reduction in Force*)
- Facilitate team-building sessions for new work units.
(*Culture – Change Management*)

Appendix C – Strategy Cluster Examples (Continued)

Example C

Issue:

New legislative mandate to expedite investigation response time.

Goal:

Expedite investigation of high risk issues.

Objective:

90% of complaints have a completed preliminary assessment within 24 hours.

Strategy Cluster:

- Design and implement a new investigations model.
(*Organizational Development – Work Process Redesign Strategy*)
- Redeploy investigative staff to high caseload areas.
(*Organizational Development – Reorganization Strategy*)
- Establish new investigator performance standards.
(*Staffing – Employee Performance Management Strategy*)
- Implement training to support the model.
(*Staffing – Training & Development Strategy*)

Appendix C – Strategy Cluster Examples (Continued)

Example D

Issue:

Executive directive to develop business continuity plan for pandemic flu.

Goals:

- Sustain staffing in business critical functions.
- Contain spread of disease among staff.

Objectives:

- Identify critical business functions and high-risk hazards to business continuity by June 30th of next year.
- Sustain 80% staffing in business critical functions.
- Contain spread of disease among staff to no more than 50%.

Strategy Cluster:

- Identify critical business functions and staff redeployment plan.
(Organizational Development – Reorganization Strategies)
- Identify and plan to eliminate non-essential business processes.
(Organizational Development – Work Method Redesign Strategies)
- Develop contingency plan for absence of critical business partners.
(Organizational Development – Work Method Redesign Strategies)
- Develop contingency plans for alternate work locations or work-from-home.
(Organizational Development – Work Method Redesign Strategies)
- Identify internal policies and procedures that should be modified or suspended.
(Infrastructure – Policies and Procedures Strategies)
- For staff designated for redeployment, identify required knowledge and skills and develop training plans.
(Staffing – Training & Development Strategies)
- Develop emergency hiring plan to fill critical staffing gaps.
(Staffing – Recruitment Strategies)
- Create temporary layoff plan for non-essential staff.
(Staffing – Reduction in Force Strategies)
- Identify potential laws, rules, or CBA terms that could be suspended, and prepare contingency plan for recommendation to Governor.
(Infrastructure – Statutes & Rules Strategies)
(Infrastructure – Collective Bargaining Agreement Strategies)

